

EXHIBIT T-2

Page 36

Norman

- [1]
[2] **A:** No.
[3] **Q:** Are there time stamps?
[4] **A:** No.
[5] **Q:** Separate and apart from the entry
[6] on the Excel ledger, is it your testimony that
[7] the transfer agent keeps its own registry of
[8] Local.com stock?
[9] **A:** Yes.
[10] **Q:** Is it two different registries of
[11] the stock, correct?
[12] **A:** Correct.
[13] **Q:** When determinations are made as to
[14] the number of issued and outstanding shares for
[15] Local.com, what source is consulted?
[16] **A:** Depends.
[17] **Q:** Please describe.
[18] **A:** Well, for my reporting purpose to
[19] the SEC when calculating the weighted average
[20] shares outstanding, which I am required to do
[21] under my 10Qs and 10Ks, we can use the
[22] spreadsheet. If it has to do with the annual
[23] general meeting, I believe we would use the
[24] transfer agent.
[25] **Q:** Why the distinction?

Page 37

Norman

- [1]
[2] **A:** Because I believe a record from
[3] the transfer agent is required for the general
[4] meeting, annual general meeting.
[5] **Q:** Required by what?
[6] **A:** I would imagine the SEC or NASDAQ.
[7] **Q:** You don't know?
[8] **A:** Not — no.
[9] **Q:** To your knowledge are the numbers
[10] the same?
[11] **A:** Usually.
[12] **Q:** Do you know whether the numbers
[13] were the same on August 1, 2007?
[14] **A:** No, I do not know.
[15] **Q:** Do you know whether the numbers
[16] were the same on July 31, 2007?
[17] **A:** No, they were not.
[18] **Q:** How do you know that?
[19] **A:** Because there is a document from
[20] the transfer agent that was required for the
[21] securities purchase agreement and there is a
[22] number on that, and that number is different
[23] than the document that the company keeps.
[24] **Q:** The Excel ledger?
[25] **A:** Yes.

Page 38

Norman

- [1]
[2] **Q:** For purposes of SEC compliance
[3] reporting, the company uses the numbers found on
[4] the company's maintained Excel ledger, correct?
[5] **A:** Yes.
[6] **MR. MANSFIELD:** Why don't we
[7] mark this as — David, unless you
[8] have an objection, why don't we just
[9] continue the numbering.
[10] **MR. LOPEZ:** All right.
[11] **MR. MANSFIELD:** Make it 10.
[12] (Form 8K for Local.com was
[13] marked as Plaintiff's Exhibit No. 10
[14] for identification, as of this
[15] date.)
[16] **Q:** I am handing you what has been
[17] marked as Exhibit 10 —
[18] **MR. FRIED:** Do you have a
[19] copy for me?
[20] **Q:** Can you identify it?
[21] **A:** Its' a Form 8-K for Local.com
[22] Corporation.
[23] **Q:** Did you sign it?
[24] **A:** Yes.
[25] **Q:** What does it state?

Page 39

Norman

- [1]
[2] **A:** It states the entry into a
[3] material definitive agreement regarding the
[4] issuance of shares as well as the consent to
[5] equity sales.
[6] **Q:** What is the date of Exhibit 10?
[7] **A:** Date of report says July 31.
[8] **Q:** Why don't you look at the
[9] signature page and tell me if that bears a date.
[10] **A:** Date says August 1, 2007.
[11] **Q:** When did you sign it?
[12] **A:** August 1st, 2007.
[13] **Q:** Is this the 8-K that was filed
[14] with the SEC at 4:32 Eastern standard time on
[15] August 1, 2007?
[16] **A:** Yes.
[17] **Q:** If I can refer you to page 4 of
[18] Exhibit 10, the first line under the title item
[19] 1.01, do you see that?
[20] **A:** Yes.
[21] **Q:** Do you see it says on August 1
[22] Local.com Corporation issued 2,356,900 shares of
[23] its common stock?
[24] **A:** Yes.
[25] **Q:** Was that statement true at the

Page 40

[1] **Norman**
[2] time the 8-K was filed with the SEC?
[3] **A:** No.
[4] **Q:** Has Local.com supplemented or
[5] amended the 8-K that it filed on August 1, 2007?
[6] **A:** No.
[7] **Q:** When did Local.com first become
[8] aware that statements filed on August 1, 2007
[9] with the Securities and Exchange Commission were
[10] inaccurate?
[11] **MR. FRIED:** Object to the
[12] form.
[13] **A:** I don't believe it is inaccurate.
[14] **Q:** So the statement — first sentence
[15] on page 4 of Exhibit 10 is accurate —
[16] **A:** Well —
[17] **Q:** — is that correct?
[18] **A:** — in context it is because on
[19] August 1st we did issue them.
[20] **Q:** At 4:32 Eastern Standard Time had
[21] the shares been issued?
[22] **MR. FRIED:** Objection,
[23] asked and answered.
[24] **A:** No.
[25] **Q:** So at 4:32 was the statement

Page 41

[1] **Norman**
[2] accurate?
[3] **A:** I guess not.
[4] **Q:** It's your testimony that there has
[5] been no amendment or supplement to the 8-K to
[6] correct the inaccuracy; is that correct?
[7] **A:** Correct.
[8] **Q:** Mr. Norman, what if anything did
[9] you do to prepare for today's deposition?
[10] **A:** I reviewed the document requests.
[11] I reviewed E-mails relating to that request. I
[12] talked with my corporate counsel.
[13] **Q:** Who is your corporate counsel?
[14] **A:** Rattan and Tucker.
[15] **Q:** Anyone specific?
[16] **A:** Yes. Derek, D-e-r-e-k, Dundas,
[17] D-u-n-d-a-s. I spoke with David Katzoff. I
[18] spoke to the two other officers of the company
[19] to let them know that I had work to do, and I
[20] believe that's it — oh, and spoke with Jonathan
[21] Fried.
[22] **Q:** Your counsel here at the
[23] deposition?
[24] **A:** Yes.
[25] **Q:** Did you speak with Mr. Lopez?

Page 42

[1] **Norman**
[2] **A:** No.
[3] **Q:** Did you ask Mr. Dundas whether he
[4] had documents that might be responsive to the
[5] document requests?
[6] **A:** Yes.
[7] **Q:** What did he say?
[8] **A:** He said he would — he actually
[9] produced some.
[10] **Q:** Who drafted the 8-K?
[11] **A:** It was a collaborative effort
[12] between our corporate counsel and David Katzoff
[13] and myself.
[14] **Q:** Did you review it before you
[15] signed it?
[16] **A:** Yes.
[17] **Q:** The 8-K reflects a repricing of
[18] warrants owned by Hearst; is that correct?
[19] **MR. FRIED:** Objection. The
[20] document speaks for itself.
[21] **A:** Yes.
[22] **Q:** Are you familiar with the
[23] repricing of —
[24] **A:** Yes.
[25] **Q:** — the Hearst warrants?

Page 43

[1] **Norman**
[2] **A:** Yes.
[3] **Q:** How are you familiar with them?
[4] **A:** I reviewed the consents as they
[5] were being drafted and I discussed with counsel,
[6] probably discussed it with the board of
[7] directors during the approval process. I think
[8] that's pretty much it.
[9] **Q:** Did there come a time that Hearst
[10] received repriced warrants?
[11] **MR. FRIED:** Object to the
[12] form.
[13] **A:** Yes —
[14] **MR. MANSFIELD:** Withdrawn.
[15] Withdrawn.
[16] **Q:** Did there come a time that
[17] warrants that were repriced were delivered to
[18] Hearst by Local.com?
[19] **A:** I believe so, yes.
[20] **Q:** When was that?
[21] **A:** I'm not sure the date that they
[22] received them.
[23] **Q:** What date were they delivered?
[24] **A:** I'm not sure what date.
[25] **Q:** Were they delivered after

Page 44

Norman

- [1]
[2] August 1, 2007?
[3] A: Most likely.
[4] Q: Tell me what the process would be
[5] for the creation and delivery of repriced
[6] warrants to Hearst in or about August 2007.
[7] A: We would have to have an agreement
[8] and then we would strike the warrants from our
[9] ledger, existing ones, then reissue new ones
[10] that reflected the correct price.
[11] Q: So let's take this in steps.
[12] First, there would have to be an agreement,
[13] correct?
[14] A: Correct.
[15] Q: Was there such an agreement?
[16] A: Yes.
[17] Q: When was that agreement?
[18] A: July 31, 2007.
[19] Q: You said the next step would be to
[20] strike the warrants from the ledger, correct?
[21] A: To enter them into the ledger as
[22] well as to strike the existing ones.
[23] Q: What ledger are we talking about?
[24] A: The warrant ledger.
[25] Q: The warrant ledger you said is

Page 45

Norman

- [1] maintained by Local.com?
[2] A: Yes.
[3] Q: Who physically would enter the new
[4] warrants into the warrant ledger?
[5] A: David Katzoff.
[6] Q: Did there come a time he did that?
[7] A: Yes.
[8] Q: When?
[9] A: I'm not sure.
[10] Q: Would he have done it only on your
[11] authorization and direction in the normal course
[12] of Local.com business?
[13] A: Yes.
[14] Q: Did there come a time that you
[15] directed him to enter the new warrants into the
[16] warrant ledger?
[17] A: Yes.
[18] Q: Do you remember when that was?
[19] A: No.
[20] Q: Would that have been done orally
[21] or in writing?
[22] A: Orally.
[23] Q: Would there be any written
[24] reflection of that oral direction?
[25]

Page 46

Norman

- [1]
[2] A: No.
[3] Q: Is the warrant ledger time
[4] stamped?
[5] A: No.
[6] Q: Are entries made into the warrant
[7] ledger on a daily basis?
[8] A: Only when required.
[9] Q: After the entry of the new
[10] warrants into the warrant ledger, you said that
[11] the superseded warrants would be stricken from
[12] the ledger; is that correct?
[13] MR. FRIED: Are you talking
[14] generally or the specific
[15] transaction?
[16] MR. MANSFIELD: Let's talk
[17] generally first, then we will talk
[18] specifics.
[19] A: Generally, those two would happen
[20] at the same time.
[21] Q: What, in fact, happened with
[22] respect to the repriced Hearst warrants?
[23] A: I would imagine they were done at
[24] the same time.
[25] Q: Do you know whether they were done

Page 47

Norman

- [1] the same time?
[2] A: Yes, I'm sure they were done at
[3] the same time.
[4] Q: Would the system require that they
[5] be done the same time?
[6] A: No.
[7] Q: Once the entry for the repriced
[8] warrants is made on the warrant ledger, what if
[9] anything happens next?
[10] MR. FRIED: Generally you
[11] are asking about because you are
[12] going back and forth, which is fine.
[13] Q: Let's talk about in general. What
[14] is the next step?
[15] A: Next step is we would print hard
[16] copies of the new warrants and then I would sign
[17] them and then they would be sent out.
[18] Q: Does the transfer agent play any
[19] role whatsoever with respect to the issuance of
[20] repriced warrants?
[21] A: No.
[22] Q: Are copies of the repriced
[23] warrants in any form, electronic or hard, sent
[24] to the transfer agent?
[25]

Page 48

[1] **Norman**
[2] **A:** No.
[3] **Q:** Does the transfer agent keep any
[4] ledger at all that would reflect warrants that
[5] are outstanding for Local.com?
[6] **A:** I don't believe so.
[7] **Q:** Is it part of the engagement
[8] agreement with the transfer agent for the
[9] transfer agent to have any role at all with
[10] respect to maintaining warrants issued by
[11] Local.com?
[12] **A:** No.
[13] **Q:** With respect to the Hearst
[14] transaction, who would have created the physical
[15] repriced warrant?
[16] **A:** David Katzoff.
[17] **Q:** Do you know what the time delay
[18] was, if any, between the time the warrant ledger
[19] was changed to reflect the new warrants and the
[20] creation of the physical new warrants?
[21] **A:** No, I don't know if there was a
[22] time delay.
[23] **Q:** In the normal course, do the two
[24] things happen close in proximity in time?
[25] **A:** Yes.

Page 49

[1] **Norman**
[2] **Q:** Once the new warrant is created,
[3] is it then in the normal course delivered to the
[4] warrant holder?
[5] **A:** Yes.
[6] **Q:** Is there normally a delay in time
[7] between the time of the creation of the new
[8] warrant and delivery to the warrant holder?
[9] **A:** Yes.
[10] **Q:** What is the normal delay in time?
[11] **A:** Short order, depending on delivery
[12] mechanism.
[13] **Q:** Assuming there was physical
[14] delivery, mail, FedEx, something like that,
[15] would that happen the same day or the next day?
[16] **A:** Yes.
[17] **Q:** Do you know how in fact with
[18] respect to the Hearst warrants — how they were
[19] delivered to Hearst?
[20] **A:** No, I don't remember.
[21] **Q:** Do you know who would have sent
[22] the certificates — the repriced warrants to
[23] Hearst?
[24] **A:** David Katzoff.
[25] **Q:** You don't know whether he did

Page 50

[1] **Norman**
[2] that?
[3] **A:** No.
[4] **Q:** Would there be any documents or
[5] records at Local.com that would reflect when he
[6] created the repriced warrant and when the
[7] repriced warrant was delivered to Hearst?
[8] **MR. FRIED:** Object to the
[9] form.
[10] **Q:** Do you understand the question?
[11] **A:** Yes.
[12] **Q:** What records would those be?
[13] **A:** I would believe, depending on how
[14] we delivered, such as FedEx, I would imagine
[15] there would be some record in our FedEx account.
[16] **Q:** Do you know whether there would be
[17] a transmittal note or letter that would go along
[18] with the repriced warrants?
[19] **A:** There might be, like a cover
[20] letter.
[21] **Q:** In the normal course, would such a
[22] cover letter be signed by you or David Katzoff
[23] or someone else?
[24] **A:** Probably David Katzoff.
[25] **Q:** Would you review it before it was

Page 51

[1] **Norman**
[2] sent out?
[3] **A:** No.
[4] **Q:** Does the warrant ledger keep a
[5] real time tally of the number of warrants that
[6] are outstanding?
[7] **A:** Yes.
[8] **Q:** From Local.com's perspective, the
[9] warrant ledger is the official record of what
[10] warrants are outstanding; is that correct?
[11] **MR. FRIED:** Object to the
[12] form.
[13] **A:** Yes.
[14] **Q:** Is there any other place that you
[15] would go at Local.com or anywhere else to
[16] determine the number of outstanding warrants?
[17] **A:** No.
[18] **Q:** When you report — when Local.com
[19] reports to the SEC, what source does it use to
[20] determine the number of outstanding warrants?
[21] **A:** The warrant ledger.
[22] **Q:** Describe to me when you look at
[23] the warrant ledger what it would say. What is
[24] its contents?
[25] **A:** It has dates on it. It has a

Page 52

Norman

[1] description of the event, such as issuance or
[2] option exercise or warrant exercise. Then it
[3] would have a number of shares for that
[4] particular event and then it would have
[5] cumulative shares. It also has calculations for
[6] weighted average shares.
[7] **MR. MANSFIELD:** We would
[8] call for the — withdrawn.
[9] **Q:** Is it possible at Local.com with
[10] respect to its warrant ledger to print out the
[11] ledger for a particular date?
[12] **A:** No — are you asking is there a
[13] way to determine whether how many shares were
[14] outstanding at a particular date or whether I
[15] can go back and say what the ledger exactly
[16] looked like at a previous date?
[17] **Q:** Can you tell me what the warrant
[18] ledger would look like on July 31, 2007?
[19] **A:** Can I tell what you it looks like?
[20] **Q:** Is there a hard copy of it?
[21] **A:** I'm not sure.
[22] **MR. MANSFIELD:** I would call
[23] for the production of the warrant
[24] ledger for July 31, 2007, for

Page 53

Norman

[1] August 1, 2007 and for the month end
[2] August 31, 2007.
[3] **MR. FRIED:** We will take it
[4] under advisement.
[5] Is this a good place to take
[6] a break, Alan? It's been an hour
[7] and a half, but I don't know where
[8] you are.
[9] **MR. MANSFIELD:** Sure.
[10] (Whereupon, at 11:25 o'clock
[11] a.m., a recess was taken to 11:40
[12] o'clock a.m.)
[13] (The deposition resumed with
[14] all parties present.)
[15] DOUGLAS NORMAN, resumed and
[16] testified further as follows:
[17] **BY MR. MANSFIELD:**
[18] **Q:** Are you ready to proceed?
[19] **A:** Yes.
[20] **Q:** Mr. Norman, clarify for the record
[21] from the point of view of Local.com is the
[22] official registry of its outstanding common
[23] shares the one it maintains in the Excel
[24] spreadsheet or is it the one that's maintained

Page 54

Norman

[1] by the transfer agent?
[2] **MR. FRIED:** Object to the
[3] form.
[4] **Q:** Do you understand the question?
[5] **A:** Yes, I understand the question.
[6] Again, depending on the purpose, we will use
[7] ours — our ledger.
[8] **Q:** For purposes of reporting the
[9] number of common shares outstanding issued and
[10] outstanding on the books and records of
[11] Local.com, for those purposes, which source do
[12] you consult?
[13] **A:** My internal ledger.
[14] **Q:** Other than for the preparation of
[15] the annual report, is there any time that you
[16] consult the registry maintained by the transfer
[17] agent?
[18] **A:** I would say yes, as it relates to
[19] confirming our ledger as well.
[20] **Q:** So you use that for information to
[21] see whether your ledger is correct?
[22] **A:** For example, during an annual
[23] audit, when I have my independent accountants
[24] audit our ledger and our records, they would

Page 55

Norman

[1] want confirmation of the transfer agent's shares
[2] outstanding as well.
[3] **Q:** For purposes of the corporate tax
[4] return, which ledger do you consult for
[5] determining the number of shares of Local.com?
[6] **A:** Our internal.
[7] **Q:** It was your testimony that with
[8] respect to the repriced Hearst warrants you do
[9] not know when the warrant ledger was updated; is
[10] that right?
[11] **MR. FRIED:** I object to the
[12] form. I don't think that
[13] characterizes his testimony
[14] accurately.
[15] **Q:** There came a time that there was
[16] an entry made in the warrant ledger maintained
[17] by Local.com with respect to the repriced
[18] warrants issued to Hearst; is that correct?
[19] **A:** Yes.
[20] **Q:** Is it your testimony you do not
[21] know what time the entry in the warrant ledger
[22] was made?
[23] **A:** Yes.
[24] **Q:** Is it your testimony you don't

Page 56

Norman

[1] know what day it was made?
[2] **A:** No, I do not know what day it was
[3] made.
[4] **Q:** Is it your testimony that David
[5] Katsoff would be the only one to know that
[6] information?
[7] **A:** Yes.
[8] **Q:** With respect to the 2,356,900
[9] shares, do you know if the transfer agent's
[10] register ever reflected those shares?
[11] **A:** Do I know if the transfer agent's
[12] records reflect those shares?
[13] **Q:** Yes.
[14] **A:** Yes.
[15] **Q:** They do?
[16] **A:** Yes, they do.
[17] **Q:** Do you know when the entry was
[18] made in the transfer agent's registry with
[19] respect to those shares?
[20] **A:** Yes.
[21] **Q:** When?
[22] **A:** August 1st, 2007.
[23] **Q:** Do you know what time on August
[24] 1st, 2007 the transfer agent made entries into
[25]

Page 57

Norman

[1] its ledger with respect to the 2,356,900 shares?
[2] **A:** To my knowledge, they do that at
[3] the end of each day.
[4] **Q:** Do you know whether that was done
[5] on August 1st at the end of the day?
[6] **A:** No, I do not know.
[7] **Q:** In fact, there had been
[8] instruction notices given by Local.com to the
[9] transfer agent with respect to the transaction
[10] on July 31, 2007, correct?
[11] **A:** I'm sorry?
[12] **Q:** There have been an instruction
[13] notice given by Local.com to the transfer agent
[14] with respect to the 2,356,900 shares on July 31,
[15] 2007, correct?
[16] **MR. FRIED:** Object to the
[17] form.
[18] **A:** There was a form of instruction,
[19] yes, but not actual instructions.
[20] **Q:** Do you know one way or the other
[21] whether — when during the day on either July 31
[22] or August 1, 2007 entries were made by the
[23] transfer agent in its registry with respect to
[24] the 2,356,900 shares?
[25]

Page 58

Norman

[1] **MR. FRIED:** Object to the
[2] form.
[3] **A:** To my knowledge, they were done at
[4] the end of the day on August 1st.
[5] **Q:** What does the end of the day mean?
[6] **A:** I'm not sure what time, but I
[7] believe they put them in their register. They
[8] do all of the entries from the day at the end of
[9] the day.
[10] **Q:** Do you know the process the
[11] transfer agent uses to create physical
[12] certificates?
[13] **A:** No, I don't.
[14] **Q:** Do you know whether physical
[15] certificates are created by the transfer agent
[16] after or before the shares are registered by the
[17] transfer agent?
[18] **A:** I do not know for sure.
[19] **Q:** Did you talk to the transfer agent
[20] about that with respect to the 2,356,900 shares?
[21] **A:** No, I did not.
[22] **Q:** Do you know whether anyone on
[23] behalf of Local.com did have such a conversation
[24] with the transfer agent?
[25]

Page 59

Norman

[1] **A:** David Katsoff had a conversation
[2] with Rich Tilton regarding the shares and that's
[3] when we were informed that they, shall I say,
[4] batch process everything at the end of the day.
[5] **Q:** There came a time that copies of
[6] stock certificates were sent to Local.com by the
[7] transfer agent; is that right?
[8] **A:** Yes.
[9] **Q:** Do you know when that happened?
[10] **A:** At 2:44 p.m. on August 1st.
[11] **MR. FRIED:** The record
[12] should reflect that the witness is
[13] referring to Plaintiff's — or
[14] Exhibit 5.
[15] **Q:** Is counsel correct? Is that how
[16] you came up with the time? Is that how you came
[17] up with the time, by reviewing Exhibit 5?
[18] **A:** Yes.
[19] **Q:** You didn't have an independent
[20] recollection of that, did you?
[21] **A:** Not that specific time. I knew it
[22] was done after we had sent instructions over.
[23] **Q:** Do you know whether the shares
[24] that are associated with the certificates
[25]

Page 60

[1] **Norman**
[2] attached to Exhibit 5 were registered by the
[3] transfer agent before 2:44 p.m. Pacific time on
[4] August 1, 2007?
[5] **MR. FRIED:** Objection,
[6] asked and answered.
[7] **MR. MANSFIELD:** That
[8] question was not asked, I assure
[9] you.
[10] **MR. FRIED:** You asked the
[11] general question if he knew it and
[12] he said he didn't. The specific
[13] question, I think, is covered by his
[14] original answer, but you can answer
[15] the question.
[16] **A:** I do not have knowledge of that.
[17] **Q:** Do you know whether it would be
[18] the practice of Local.com's transfer agent to
[19] issue hard copies of certificates before the
[20] shares associated with those certificates would
[21] have been entered into the transfer agent's
[22] registry?
[23] **A:** I do not know.
[24] **Q:** So you don't know whether it
[25] happened before or after, correct?

Page 61

[1] **Norman**
[2] **MR. FRIED:** As the general
[3] practice?
[4] **A:** No, I'm not sure.
[5] **Q:** With respect to the 2,356,900
[6] shares, would it be fair to say you don't know
[7] one way or the other whether the shares were
[8] registered by the transfer agent before or after
[9] the creation of the certificates that are
[10] attached to Exhibit 5, correct?
[11] **A:** Correct.
[12] **MR. MANSFIELD:** Why don't we
[13] mark this as Exhibit 11.
[14] (E-mail string was marked as
[15] Plaintiff's Exhibit No. 11 for
[16] identification, as of this date.)
[17] **MR. LOPEZ:** That is?
[18] **MR. MANSFIELD:** Forty-two.
[19] Why don't we mark this as
[20] 12.
[21] (Bank advices was marked as
[22] Plaintiff's Exhibit No. 12 for
[23] identification, as of this date.)
[24] **Q:** Mr. Norman, you have before you
[25] Exhibit 12, documents Bates stamped 293 through

Page 62

[1] **Norman**
[2] 297, which counsel provided us after the
[3] deposition began today. Can you identify
[4] Exhibit 12?
[5] **A:** These are E-mails from the
[6] company's bank to Georgia Thompson who is the
[7] company's controller.
[8] **Q:** When you say the company's bank,
[9] do you mean Local.com's bank?
[10] **A:** Yes.
[11] **Q:** You have in front of you Exhibit
[12] 11, correct?
[13] **A:** Correct.
[14] **Q:** I'd like you to look through that
[15] and tell me if you can identify it?
[16] **A:** These are advices from the
[17] company's bank that were attached to the
[18] E-mails.
[19] **Q:** The 2,356,900 shares were
[20] purchased pursuant to a PIPE, is that correct?
[21] **A:** Correct.
[22] **Q:** Who were the purchasers?
[23] **A:** There were two funds and then
[24] within those funds they actually purchased them
[25] with specific — I guess sub-funds, you would

Page 63

[1] **Norman**
[2] say, there's 27 entries and within there, there
[3] were more entries.
[4] **Q:** For our purposes in this
[5] deposition, can we call those funds and the
[6] sub-funds the buyers, would we understand each
[7] other if we refer to it as the buyers?
[8] **A:** Yes.
[9] **Q:** The buyers were party to the stock
[10] purchase agreement that you discussed earlier
[11] today, correct?
[12] **A:** Yes.
[13] **Q:** And Local.com was the other party,
[14] correct?
[15] **A:** Yes.
[16] **Q:** It was that stock purchase
[17] agreement that you said had various conditions
[18] of closing, correct?
[19] **A:** Yes.
[20] **Q:** Do the documents contained in
[21] Exhibits 11 and 12 reflect payment made by the
[22] buyers pursuant to the stock purchase agreement?
[23] **A:** Yes.
[24] **Q:** These were payments for the common
[25] shares, correct?

Page 64

Norman

[1] A: Yes.

[2] Q: The payments reflected on Exhibits

[3] 11 and 12 went directly into Local.com's bank

[4] account, correct?

[5] A: Yes.

[6] Q: These payments were not held in

[7] escrow, correct?

[8] A: They were not — they were not

[9] held by an escrow agent.

[10] Q: Is there any document that says

[11] these payments were held in escrow for any

[12] purpose?

[13] A: Well, I would refer to the

[14] securities purchase agreement because there was

[15] obligations on the companies that we have to

[16] fulfill as well as the buyer fulfill.

[17] Q: After the buyer made payment by

[18] wire transfer on August 1st, 2007, was there any

[19] obligation left on the part of the buyers to

[20] comply with the terms of the stock purchase

[21] agreement?

[22] A: I don't believe so.

[23] Q: When was the last of the payments

[24] received by Local.com in its bank account made

[25]

Page 65

Norman

[1] by the buyers on August 1st, 2007?

[2] A: We received notice at 1:06 p.m.

[3] Pacific.

[4] Q: So that would be 4:06 Eastern

[5] Standard Time, correct?

[6] A: Correct.

[7] Q: So as of 4:06 Eastern Standard

[8] Time on August 1, 2007, the buyers had made

[9] payment for the common shares the buyers

[10] purchased under the stock purchase agreement,

[11] correct?

[12] A: Correct.

[13] Q: It's the case, is it not, that

[14] Local.com told the transfer agent to wait before

[15] delivering the certificates until Local.com was

[16] paid, correct?

[17] MR. FRIED: Object to the

[18] form.

[19] A: Yes. There was an E-mail to

[20] that — I think there was multiple E-mails. One

[21] of them may have referred to payment.

[22] Q: Look at Exhibit 2 and I direct

[23] your attention to the fourth line.

[24] MR. FRIED: Is there a

[25]

Page 66

Norman

[1] question pending?

[2] MR. MANSFIELD: I was

[3] directing his attention to Exhibit

[4] 2.

[5] Q: Do you have it?

[6] A: Yes.

[7] Q: Do you see the fourth line of

[8] Exhibit 2 that begins, "Once we receive payment,

[9] I will send over an issuance letter to issue the

[10] shares," do you see that?

[11] A: Yes.

[12] Q: Is that the E-mail exchange to

[13] which you were referring earlier about payment

[14] being the condition before the transfer agent

[15] was to deliver certificates?

[16] A: Payment being a condition.

[17] Q: Was there any other condition told

[18] to the transfer agent other than payment as

[19] relating to the transfer agent's delivery of

[20] certificates?

[21] MR. FRIED: Reflected on

[22] this E-mail or at all?

[23] MR. MANSFIELD: At all.

[24] A: Yes — wait, what was the question

[25]

Page 67

Norman

[1] again?

[2] MR. MANSFIELD: Read back

[3] the question.

[4] (The record was read.)

[5] A: Yes.

[6] Q: What was that?

[7] A: On Exhibit 3 it refers to or it

[8] states, "You should receive a legal opinion from

[9] Rattan and Tucker". Then it also states,

[10] "Please do not release the certificates until we

[11] give you approval."

[12] Q: Do you know whether Rattan and

[13] Tucker issued a legal opinion?

[14] A: Yes, I do know and, yes, they did.

[15] Q: Was that legal opinion sent to the

[16] transfer agent?

[17] A: I believe so, yes.

[18] Q: Do you know when?

[19] A: No.

[20] Q: Do you know whether it was sent by

[21] Local.com?

[22] A: No, it would be from Rattan and

[23] Tucker.

[24] MR. MANSFIELD: We would

[25]

Page 68

Norman

[1] call for any document reflecting
[2] when Rattan and Tucker sent the
[3] opinion letter referred to in
[4] Exhibit 31 to the transfer agent.
[5] **MR. FRIED:** We will take it
[6] under advisement.
[7] **Q:** Was there any event after
[8] receiving the last payment at or about 4:06
[9] Eastern Standard Time from the buyers on
[10] August 1, 2007 that Local.com was waiting for
[11] before delivering stock certificates to the
[12] buyers?
[13] **A:** Yes.
[14] **Q:** What was that?
[15] **A:** Filing the 8-K.
[16] **Q:** The 8-K occurred at what time?
[17] **A:** It was 1:32, was it?
[18] **Q:** Was that information conveyed to
[19] the transfer agent?
[20] **A:** I do not know.
[21] **Q:** You didn't convey that to the
[22] transfer agent, correct?
[23] **A:** No.
[24] **Q:** Do you know whether David Katzoff

Page 69

Norman

[1] did one way or the other?
[2] **A:** He may have verbally.
[3] **Q:** Do you know whether he did?
[4] **A:** No.
[5] **Q:** You said that you were personally
[6] involved in connection with the PIPE
[7] transaction?
[8] **A:** Yes.
[9] **Q:** Who on the part of the buyers was
[10] involved in the PIPE transaction?
[11] **A:** Well, the people in charge of the
[12] funds, whoever at the funds is in charge of the
[13] particular transaction, as well as their
[14] corporate counsel.
[15] **Q:** With respect to the issuance and
[16] delivery of stock certificates, is there someone
[17] you can identify who would have been involved in
[18] that part of the transaction on behalf of the
[19] funds?
[20] **A:** Regarding — could you clarify?
[21] **Q:** The issuance and delivery of stock
[22] certificates.
[23] **A:** You mean just the process with the
[24] transfer agent?
[25]

Page 70

Norman

[1] **Q:** Anything to do with the issuance
[2] and delivery of stock certificates in connection
[3] with the PIPE, what representative or
[4] representatives on behalf of the buyers would
[5] have been involved, to your knowledge?
[6] **A:** At Hudson Bay, the gentleman's
[7] name was George Antonopoulos. He was my contact
[8] at Hudson Bay or the contact for the company.
[9] **Q:** Do you know where he is located?
[10] **A:** Let me look in my address book —
[11] and then their counsel.
[12] A-n-t-o-n-o-u-p-o-l-o-s. He is with Hudson,
[13] H-u-d-s-o-n, Bay, Capital Management. Would you
[14] like a phone number or something for him?
[15] **Q:** Do you have an address?
[16] **A:** 120 Broadway, 40th floor, 10271.
[17] **Q:** While you have your address book
[18] handy, can you tell me the address of David
[19] Katzoff?
[20] **A:** I do not have his address, his
[21] home address.
[22] **Q:** Do you have a phone number?
[23] **A:** Yes, 949-645-3813.
[24] **MR. MANSFIELD:** Mr. Fried,
[25]

Page 71

Norman

[1] do you know whether you will be
[2] representing David Katzoff and that
[3] he is apparently a consultant but
[4] not an employee of Local.com?
[5] **MR. FRIED:** I don't know at
[6] this time. We can look into that
[7] and get back to you.
[8] **Q:** Do you have an address for Rich
[9] Tilton?
[10] **MR. FRIED:** This will teach
[11] you not to take it out at future
[12] depositions.
[13] **A:** 1745 Gardena, G-a-r-d-e-n-a
[14] Avenue, Suite 200, Glendale, G-l-e-n-d-a-l-e,
[15] California, 91204.
[16] **Q:** What is the current name of his
[17] employer?
[18] **A:** Computer Share.
[19] **Q:** Mr. Norman, I will ask you to look
[20] at Exhibit 1. Do you have that?
[21] **A:** Yes.
[22] **Q:** Exhibit 1 attaches transfer agent
[23] instructions, correct?
[24] **MR. FRIED:** Object to the
[25]